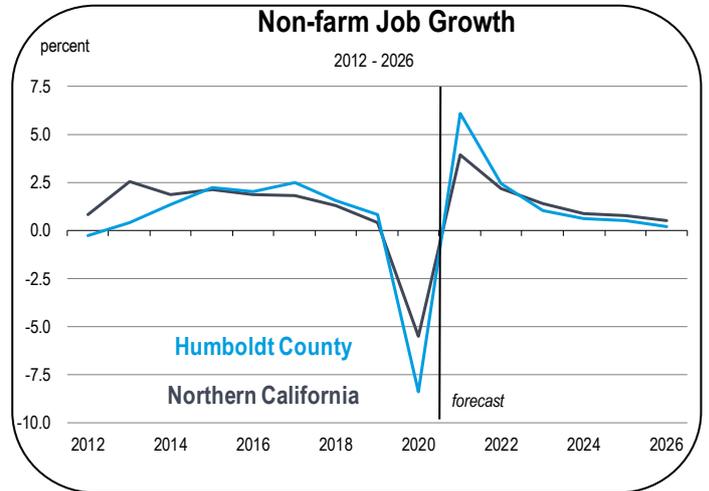


Humboldt County Economic Forecast

Forecast Summary

- On an annual average basis, 3,000 jobs will be restored in Humboldt County during 2021, representing approximately 70 percent of the jobs that were lost in 2020.
- The remaining 1,300 jobs that were lost in 2020 will be recovered in 2022 and the labor market will enter an expansion period in 2023.
- Over the 2021-2026 forecast period, total employment in Humboldt County is expected to increase by 5,600 jobs.
- Government, leisure services, healthcare, and retail will be responsible for the majority of all job creation during the forecast period.
- Agriculture employment has expanded sharply in recent years as the Humboldt County cannabis industry has entered the legal market. Further growth is expected, but recent developments in cannabis prices could put job creation at risk.
- The unemployment rate averaged 8.4 percent in 2020.
- The unemployment rate is forecast to average 5.6 percent in 2021 and 4.0 percent in 2022.
- The Humboldt County population is expected to increase during the first half of the forecast period but decline over the long term (through the year 2030).
- The median home price increased by 5 percent in 2020.
- Home prices are expected to increase by 15 percent in 2021 and 4 percent in 2022, but should remain affordable to most of the local population.

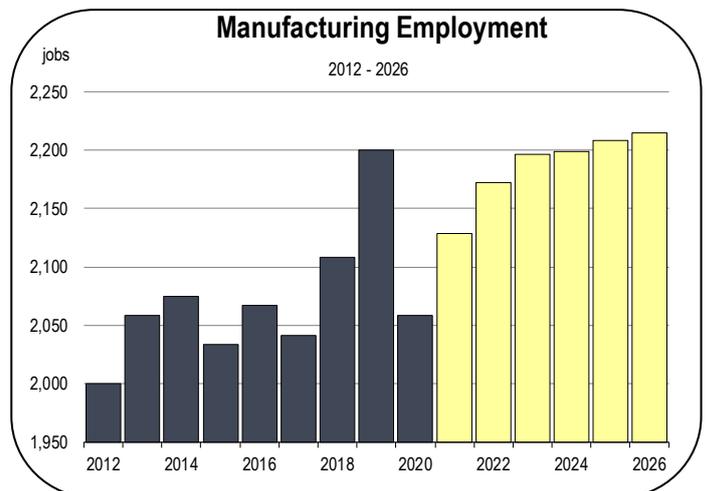
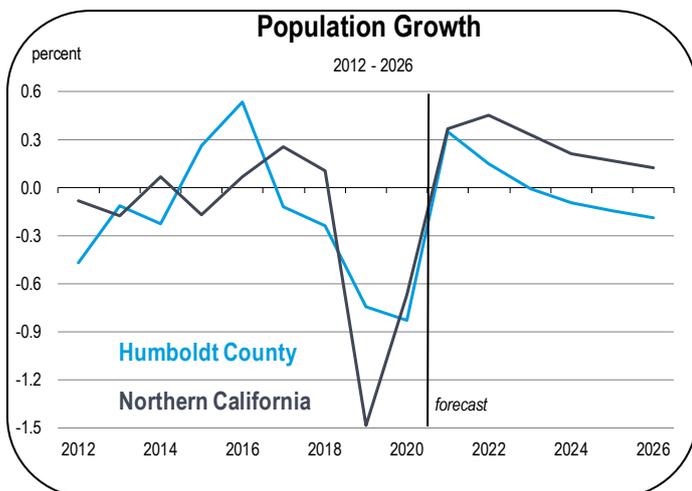


Job Growth

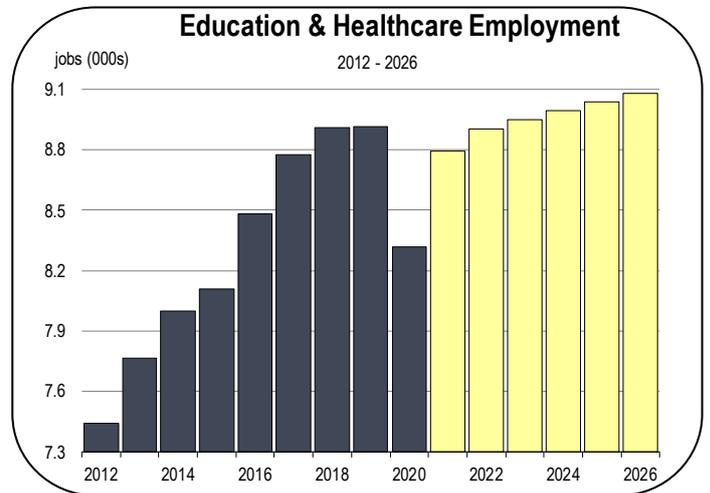
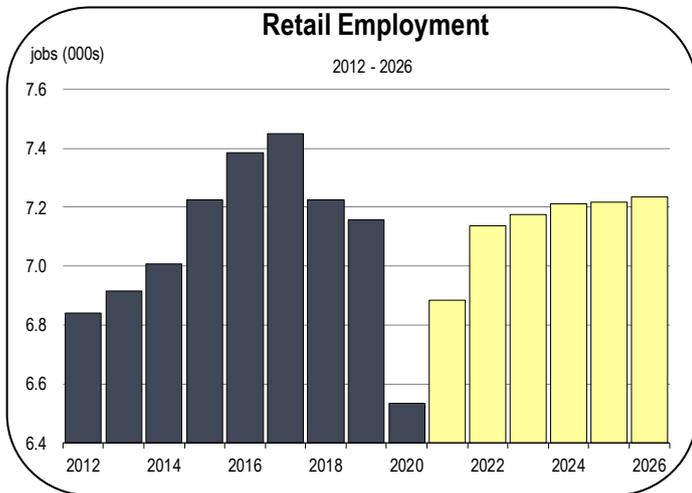
- Total employment in Humboldt County will expand by 6.0 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.0 percent.

Manufacturing Employment

- Manufacturing employment declined sharply in 2020 due to the Coronavirus Recession and workplace restrictions.
- During the 2021-2026 forecast period, legal cannabis will be a major contributor to the Humboldt County manufacturing sector.
- New jobs are expected to be created to turn cannabis into foods, drinks, and other products, and these jobs will be classified into the manufacturing sector.

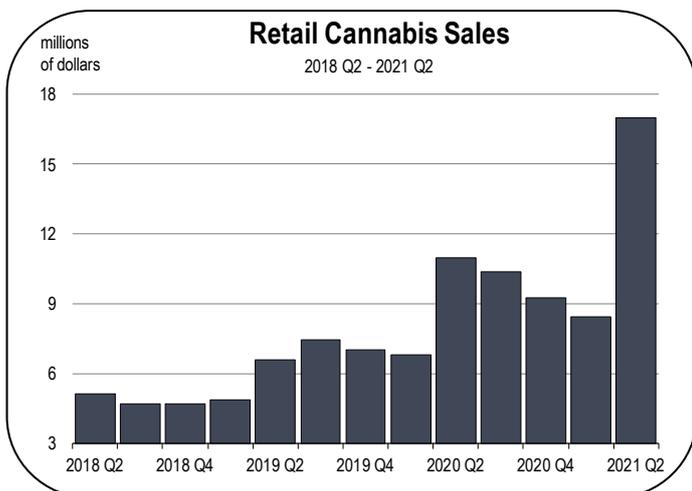


Humboldt County Economic Forecast



Retail Trade Employment

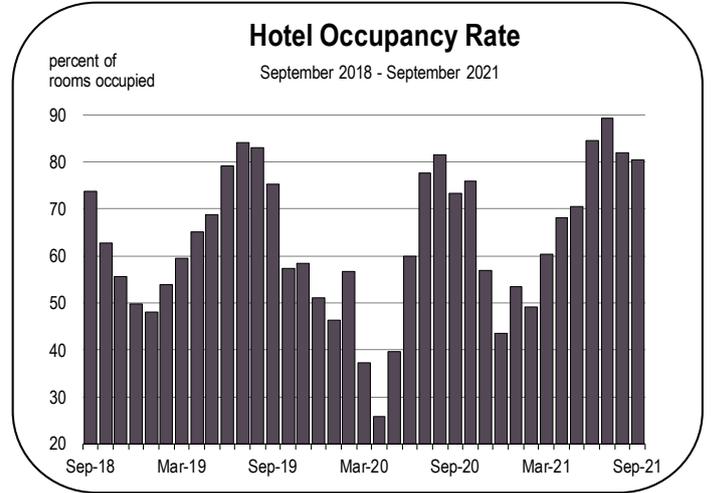
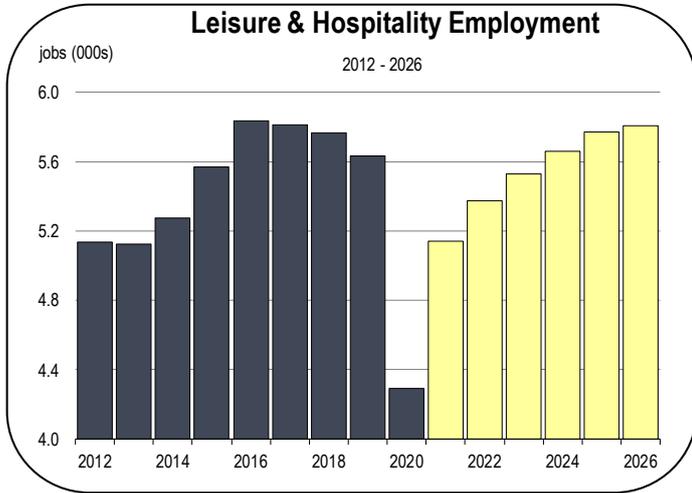
- The retail industry will begin to rebound in 2021 and could reach a full recovery sometime in 2022.
- The Humboldt County retail industry was already under pressure before the onset of the Coronavirus Recession.
- Competition from online stores has led to lower levels of employment at local brick-and-mortar shops, and the transition to online shopping will lead to a slowdown in job growth between 2022 and 2026.
- The legal cannabis industry has expanded rapidly since its inception in 2018, and growth among legal cannabis retailers has helped to offset declines in other retail subsectors.
- In the second quarter of 2021, Humboldt County cannabis stores recorded \$17 million in sales and employed hundreds of workers.



Private Education and Healthcare Employment

- A large share of the local economy is represented by hospitals and health facilities.
- Healthcare is the second largest employment industry in the county, behind only government.
- The largest healthcare employer is Providence St. Joseph Hospital, which has 137 patient beds.
- The hospital, which employs more than 1,000 workers, has struggled to meet staffing needs during the COVID-19 pandemic.
- In particular, St. Joseph Hospital has reported challenges recruiting and retaining enough nurses to meet mandated nurse-to-patient ratios.
- Aside from layoffs and furloughs in early 2020, challenges in recruitment contributed to job losses in 2020 and will delay the recovery in 2021 and 2022.
- Other medical facilities that employ more than 100 workers in Humboldt County include:
 - Mad River Community Hospital in Arcata
 - Hospice of Humboldt in Eureka
 - Redwood Memorial Hospital in Fortuna
- Over the forecast period, healthcare employment will increase by 700 to 800 jobs, averaging growth of 1.5 percent per year.
- In Humboldt County, there are very few jobs in private educational institutions. Most teachers and education administrators work in the government sector.

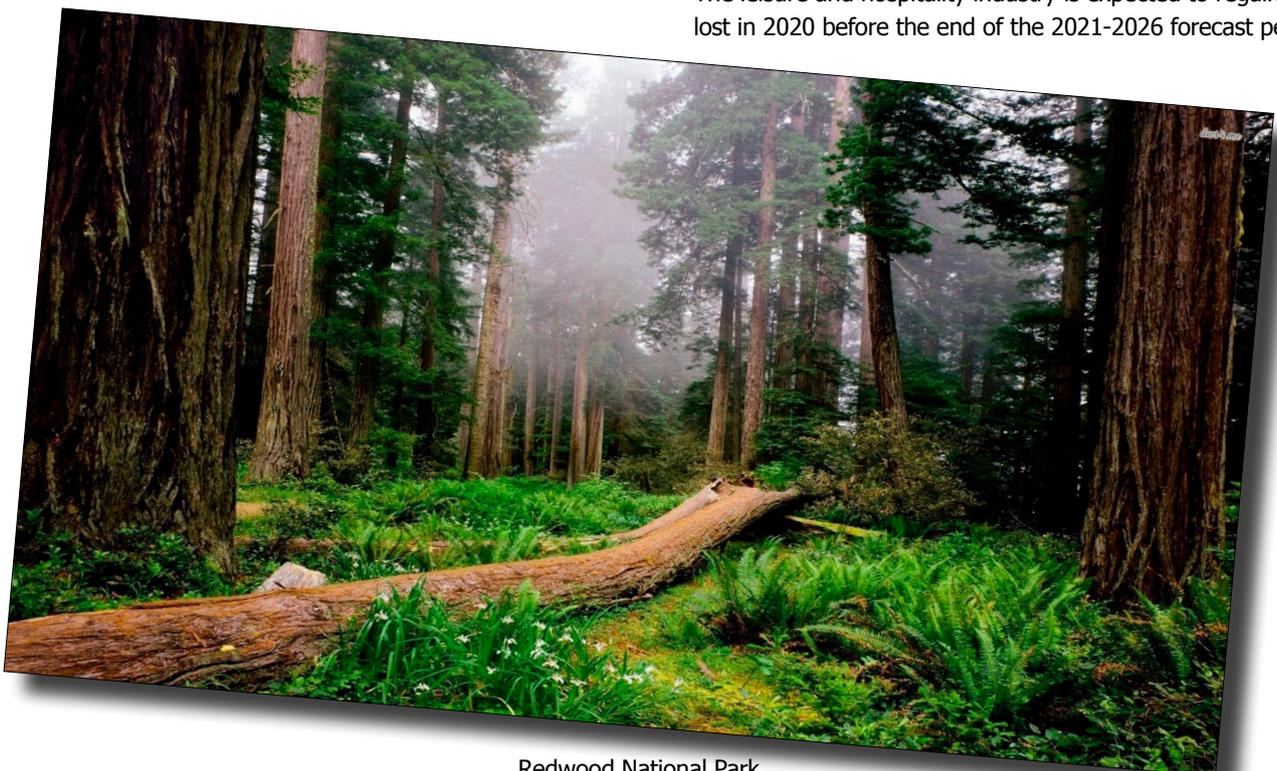
Humboldt County Economic Forecast



Leisure and Hospitality Employment

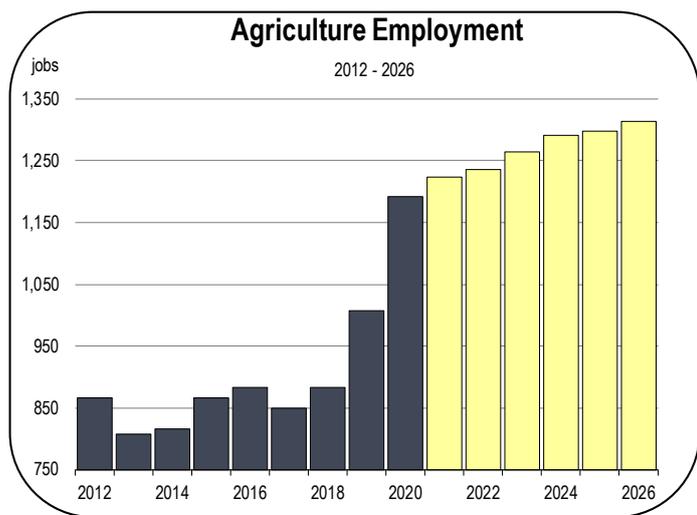
- Humboldt County is home to an expansive forest of redwoods. It has a National Park (Redwood National Park) and more than 10 California State Parks.
- Travelers visit Humboldt County every year to experience the redwoods, with overall tourism activity generating more than \$400 million annually at restaurants, hotels, bars, shops, and related businesses.

- The most popular sites are Avenue of the Giants, which winds through a dense forest, and Redwood Highway, which offers forest and ocean vistas.
- Humboldt County also has an expanding subsector for cannabis tourism, where visitors tour cannabis farms and greenhouses.
- The number of visitors to the county declined sharply in early 2020, but by the summer of 2021, the tourism industry was setting new records.
- The leisure and hospitality industry is expected to regain all jobs lost in 2020 before the end of the 2021-2026 forecast period.



Redwood National Park

Humboldt County Economic Forecast



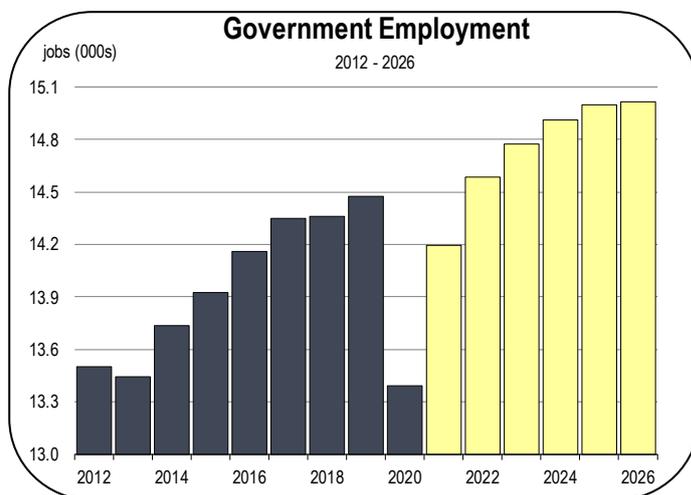
Agriculture Employment

- The agriculture sector expanded sharply in 2020 as employment in most other industries contracted.
- The agriculture industry will generate approximately 200 new jobs by 2026, but job growth in this sector is highly uncertain.
- The most prominent agricultural commodity is cannabis, and the local cannabis industry is dominated by small farms and greenhouses.
- In Humboldt County during 2021, approximately 1,700 active cultivation permits were held by 900 growers, indicating that the average grower managed less than an acre of land or greenhouse space.
- Outside of Humboldt, Mendocino, and Trinity counties, the California cannabis industry is dominated by large grow operations. In the county with the second largest number of active cultivation permits - Santa Barbara - approximately 1,600 permits were held by just 67 growers.
- The supply of legal cannabis in California has begun to exceed demand, and prices have declined dramatically since the industry was legalized.

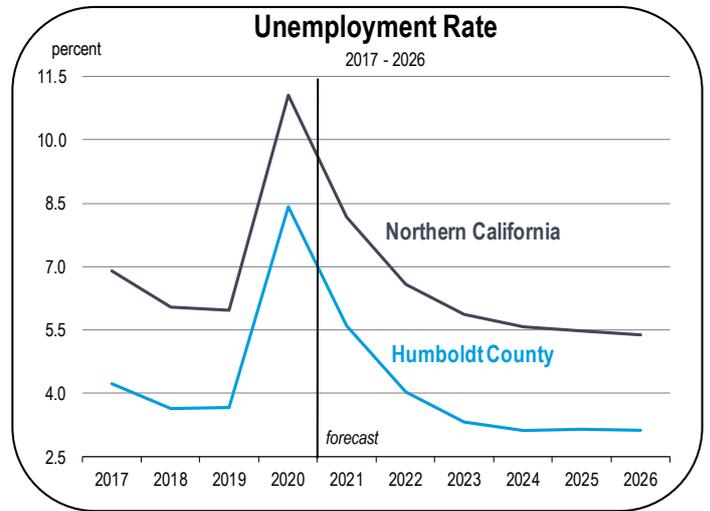
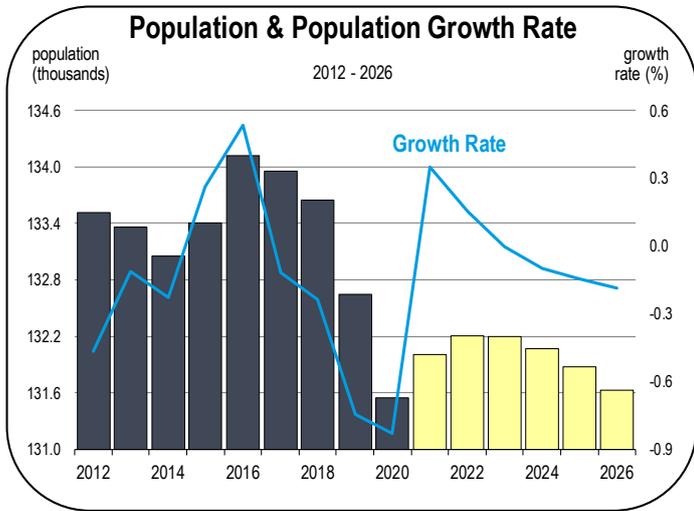
- Anecdotal evidence suggests that small growers have struggled to adapt to lower prices, and the Humboldt County Board of Supervisors has created an emergency relief program to issue \$10,000 cash grants to local companies.
- The future cannabis production in Humboldt County may depend on the ability of small operations to adapt to market fluctuations, or the likelihood that small operations are able to merge into larger entities with better profit margins.

Government Employment

- Government agencies lost more than 1,000 jobs during 2020.
- As schools return to in-person instruction in the fall of 2021, some jobs at local schools will be restored.
- Other jobs will be recovered as federal funding is distributed to local government agencies throughout California, largely from the American Rescue Plan that was passed by Congress to aid the economic recovery.
- In 2022, government employment is expected to surpass pre-pandemic levels.
- By 2026, employment totals will have expanded by several hundred additional jobs.



Humboldt County Economic Forecast

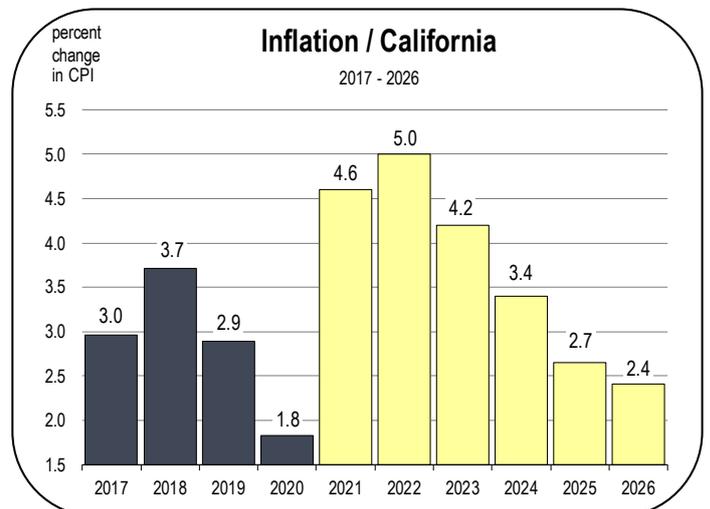
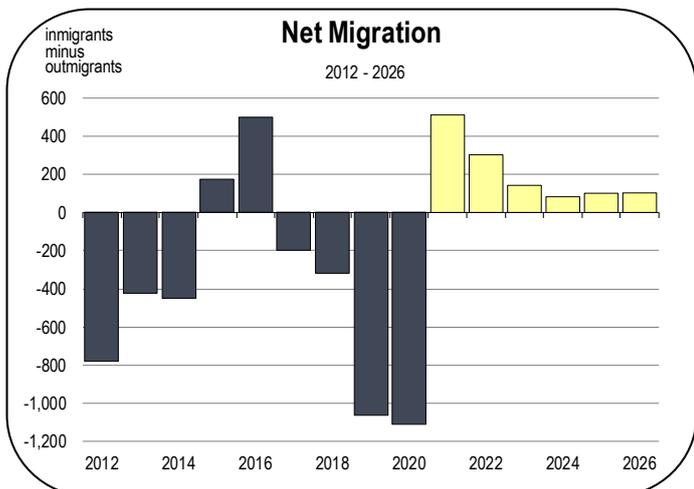


Population Growth

- The Humboldt County population is expected to increase in 2021 and 2022, but it will ultimately begin to decline during the second half of the forecast period.
- Population decline is expected to persist over the long term, through at least 2030.
- Net migration is expected to be positive, with more residents moving into the county than moving out, but because the county has a large number of residents over the age of 75, deaths have begun to outnumber births, causing the overall population to shrink.
- By the end of the 2021-2026 forecast period, the county will have approximately 131,600 residents.
- By 2030, the population will have fallen closer to 130,000.

Unemployment and Inflation Rates

- The unemployment rate averaged 8.4 percent in 2020. An unemployment rate below 5.0 percent signifies a fully employed workforce in Humboldt County.
- The unemployment rate is expected to average 5.6 percent in 2021 and 4.0 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. It soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses



Humboldt County Economic Forecast

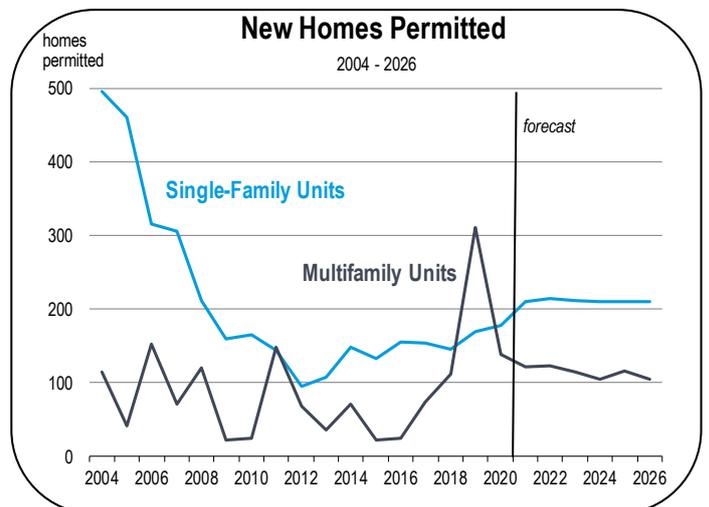
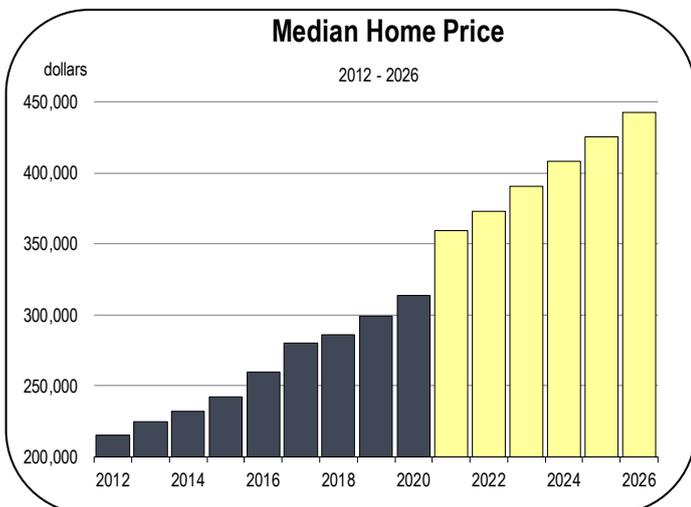


Humboldt County Coastline

- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020, the median home price was \$313,800. The median price is expected to increase very quickly in 2021 as the number of homes on the market plummets and the number of house hunters grows.
- Price appreciation should slow down in 2022, but the median price could approach \$450,000 by 2026.
- From 2015 to 2020, an average of 270 new homes were started per year in Humboldt County. Approximately 60 percent were single-family homes and the rest were multifamily units.
- Housing production is expected to average 300 to 350 units per year from 2021 to 2026, consisting primarily of single-family homes.



Humboldt County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

| | Population (people) | House- holds (thousands) | Net Migration (people) | New Homes Permitted (homes) | Registered Vehicles (thousands) | Personal Income (billions) | Taxable Retail Sales (billions) | Total Taxable Sales (billions) | Real Industrial Production (millions) | Real per Capita Income (dollars) | Unemployment Rate (percent) | Real Farm Production (millions) | Inflation Rate (percent) |
|------|------------------------|--------------------------------|------------------------------|-----------------------------------|---------------------------------------|----------------------------------|--|---|--|---|-----------------------------------|--|--------------------------------|
| 2015 | 133,405 | 56.4 | 176 | 155 | 153 | \$5.9 | \$1.5 | \$2.0 | \$458 | \$50,497 | 5.6 | \$267 | 1.4 |
| 2016 | 134,117 | 56.4 | 498 | 179 | 156 | \$6.1 | \$1.6 | \$2.2 | \$446 | \$51,198 | 5.0 | \$286 | 2.3 |
| 2017 | 133,958 | 56.5 | -197 | 228 | 154 | \$6.4 | \$1.6 | \$2.2 | \$437 | \$51,522 | 4.2 | \$289 | 3.0 |
| 2018 | 133,642 | 56.6 | -320 | 258 | 152 | \$6.6 | \$1.5 | \$2.0 | \$438 | \$51,454 | 3.7 | \$287 | 3.7 |
| 2019 | 132,648 | 56.8 | -1,063 | 481 | 154 | \$6.8 | \$1.6 | \$2.1 | \$453 | \$52,541 | 3.7 | \$293 | 2.9 |
| 2020 | 131,549 | 56.9 | -1,110 | 317 | 154 | \$7.1 | \$1.7 | \$2.2 | \$489 | \$54,279 | 8.4 | \$299 | 1.8 |
| 2021 | 132,008 | 57.4 | 512 | 331 | 154 | \$7.5 | \$1.8 | \$2.3 | \$477 | \$54,963 | 5.6 | \$321 | 4.6 |
| 2022 | 132,206 | 57.7 | 303 | 358 | 154 | \$7.6 | \$1.9 | \$2.4 | \$468 | \$54,639 | 4.0 | \$330 | 5.0 |
| 2023 | 132,199 | 58.0 | 142 | 357 | 154 | \$8.0 | \$1.9 | \$2.5 | \$474 | \$55,672 | 3.3 | \$352 | 4.2 |
| 2024 | 132,070 | 58.3 | 83 | 335 | 154 | \$8.3 | \$2.0 | \$2.6 | \$480 | \$56,647 | 3.1 | \$373 | 3.4 |
| 2025 | 131,878 | 58.6 | 101 | 305 | 154 | \$8.6 | \$2.1 | \$2.7 | \$486 | \$57,544 | 3.1 | \$379 | 2.7 |
| 2026 | 131,630 | 58.9 | 103 | 285 | 154 | \$8.9 | \$2.1 | \$2.8 | \$492 | \$58,359 | 3.1 | \$393 | 2.4 |
| 2027 | 131,330 | 59.2 | 121 | 293 | 154 | \$9.2 | \$2.2 | \$2.9 | \$499 | \$59,204 | 3.1 | \$403 | 2.2 |
| 2028 | 130,957 | 59.5 | 115 | 276 | 154 | \$9.5 | \$2.3 | \$2.9 | \$504 | \$59,955 | 3.1 | \$410 | 2.3 |
| 2029 | 130,575 | 59.7 | 156 | 272 | 154 | \$9.8 | \$2.3 | \$3.0 | \$507 | \$60,577 | 3.1 | \$416 | 2.2 |
| 2030 | 130,163 | 60.0 | 164 | 268 | 154 | \$10.1 | \$2.4 | \$3.1 | \$511 | \$61,238 | 3.1 | \$428 | 2.2 |
| 2031 | 129,714 | 60.2 | 172 | 260 | 154 | \$10.4 | \$2.5 | \$3.2 | \$514 | \$61,944 | 3.1 | \$435 | 2.3 |
| 2032 | 129,226 | 60.4 | 185 | 252 | 154 | \$10.7 | \$2.5 | \$3.3 | \$516 | \$62,561 | 3.0 | \$438 | 2.2 |
| 2033 | 128,695 | 60.7 | 191 | 242 | 154 | \$11.0 | \$2.6 | \$3.4 | \$521 | \$63,361 | 2.9 | \$446 | 2.0 |
| 2034 | 128,110 | 60.9 | 184 | 234 | 154 | \$11.3 | \$2.7 | \$3.5 | \$524 | \$64,091 | 2.8 | \$451 | 2.1 |
| 2035 | 127,491 | 61.1 | 198 | 225 | 154 | \$11.6 | \$2.7 | \$3.6 | \$527 | \$64,812 | 2.7 | \$455 | 2.1 |
| 2036 | 126,865 | 61.3 | 196 | 221 | 154 | \$12.0 | \$2.8 | \$3.7 | \$528 | \$65,346 | 2.5 | \$459 | 2.2 |
| 2037 | 126,234 | 61.5 | 195 | 217 | 154 | \$12.3 | \$2.9 | \$3.8 | \$529 | \$65,833 | 2.4 | \$462 | 2.2 |
| 2038 | 125,630 | 61.7 | 205 | 223 | 153 | \$12.7 | \$3.0 | \$3.9 | \$530 | \$66,419 | 2.3 | \$466 | 2.2 |
| 2039 | 125,053 | 61.9 | 206 | 223 | 153 | \$13.1 | \$3.1 | \$4.0 | \$531 | \$66,902 | 2.3 | \$470 | 2.2 |
| 2040 | 124,491 | 62.1 | 211 | 222 | 153 | \$13.4 | \$3.2 | \$4.1 | \$532 | \$67,413 | 2.3 | \$474 | 2.1 |
| 2041 | 123,977 | 62.3 | 220 | 222 | 153 | \$13.8 | \$3.2 | \$4.2 | \$533 | \$68,073 | 2.3 | \$478 | 2.2 |
| 2042 | 123,502 | 62.5 | 219 | 221 | 153 | \$14.2 | \$3.3 | \$4.3 | \$534 | \$68,742 | 2.3 | \$482 | 2.1 |
| 2043 | 123,057 | 62.8 | 227 | 221 | 152 | \$14.6 | \$3.4 | \$4.4 | \$536 | \$69,437 | 2.3 | \$486 | 2.0 |
| 2044 | 122,646 | 63.0 | 235 | 221 | 152 | \$15.0 | \$3.5 | \$4.5 | \$538 | \$70,214 | 2.2 | \$490 | 2.2 |
| 2045 | 122,267 | 63.2 | 234 | 221 | 152 | \$15.3 | \$3.5 | \$4.6 | \$540 | \$70,912 | 2.2 | \$494 | 2.2 |
| 2046 | 121,910 | 63.4 | 237 | 221 | 152 | \$15.7 | \$3.6 | \$4.8 | \$542 | \$71,535 | 2.2 | \$498 | 2.2 |
| 2047 | 121,565 | 63.6 | 229 | 221 | 151 | \$16.1 | \$3.7 | \$4.9 | \$543 | \$72,008 | 2.1 | \$502 | 2.2 |
| 2048 | 121,232 | 63.8 | 227 | 221 | 151 | \$16.6 | \$3.8 | \$5.0 | \$544 | \$72,416 | 2.2 | \$506 | 2.3 |
| 2049 | 120,919 | 64.0 | 241 | 221 | 151 | \$17.0 | \$3.9 | \$5.1 | \$545 | \$72,980 | 2.1 | \$509 | 2.0 |
| 2050 | 120,573 | 64.2 | 238 | 221 | 151 | \$17.4 | \$4.0 | \$5.3 | \$547 | \$73,493 | 2.1 | \$513 | 2.1 |

Employment Sectors

2015-2020 History, 2021-2050 Forecast

| | Total Wage & Salary | Farm | Construction | Manufac- turing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|------|------------------------|------|--------------|--------------------|-------------------------------|-----------------------------|-------------------------|--------------------------|-------------|-----------------------|---------|------------|
| | (thousands of jobs) | | | | | | | | | | | |
| 2015 | 50.4 | 0.9 | 1.8 | 2.0 | 1.2 | 8.1 | 1.6 | 2.7 | 0.5 | 8.1 | 5.6 | 13.9 |
| 2016 | 51.4 | 0.9 | 1.8 | 2.1 | 1.2 | 8.4 | 1.7 | 2.8 | 0.4 | 8.5 | 5.8 | 14.2 |
| 2017 | 52.6 | 0.9 | 2.0 | 2.0 | 1.2 | 8.4 | 1.7 | 2.9 | 0.4 | 8.8 | 5.8 | 14.4 |
| 2018 | 53.5 | 0.9 | 2.1 | 2.1 | 1.1 | 8.3 | 1.8 | 3.3 | 0.4 | 8.9 | 5.8 | 14.4 |
| 2019 | 54.0 | 1.0 | 2.2 | 2.2 | 1.0 | 8.3 | 1.8 | 3.6 | 0.4 | 8.9 | 5.6 | 14.5 |
| 2020 | 49.8 | 1.2 | 2.2 | 2.1 | 1.0 | 7.6 | 1.7 | 3.4 | 0.3 | 8.3 | 4.3 | 13.4 |
| 2021 | 52.8 | 1.2 | 2.2 | 2.1 | 1.0 | 8.0 | 1.7 | 3.5 | 0.3 | 8.8 | 5.1 | 14.2 |
| 2022 | 54.0 | 1.2 | 2.3 | 2.2 | 1.0 | 8.2 | 1.7 | 3.6 | 0.3 | 8.9 | 5.4 | 14.6 |
| 2023 | 54.6 | 1.3 | 2.3 | 2.2 | 1.0 | 8.3 | 1.7 | 3.6 | 0.3 | 8.9 | 5.5 | 14.8 |
| 2024 | 55.0 | 1.3 | 2.3 | 2.2 | 1.0 | 8.3 | 1.7 | 3.7 | 0.3 | 9.0 | 5.7 | 14.9 |
| 2025 | 55.3 | 1.3 | 2.2 | 2.2 | 1.1 | 8.3 | 1.7 | 3.7 | 0.3 | 9.0 | 5.8 | 15.0 |
| 2026 | 55.4 | 1.3 | 2.2 | 2.2 | 1.1 | 8.3 | 1.7 | 3.7 | 0.3 | 9.1 | 5.8 | 15.0 |
| 2027 | 55.6 | 1.3 | 2.2 | 2.2 | 1.1 | 8.4 | 1.7 | 3.7 | 0.3 | 9.1 | 5.9 | 15.1 |
| 2028 | 55.6 | 1.3 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.7 | 0.3 | 9.2 | 5.9 | 15.0 |
| 2029 | 55.8 | 1.3 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.8 | 0.3 | 9.2 | 5.9 | 15.1 |
| 2030 | 56.0 | 1.4 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.8 | 0.3 | 9.2 | 5.9 | 15.2 |
| 2031 | 56.2 | 1.4 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.8 | 0.3 | 9.3 | 5.9 | 15.3 |
| 2032 | 56.4 | 1.4 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.8 | 0.3 | 9.3 | 6.0 | 15.4 |
| 2033 | 56.6 | 1.4 | 2.1 | 2.3 | 1.1 | 8.4 | 1.7 | 3.9 | 0.3 | 9.3 | 6.0 | 15.5 |
| 2034 | 56.7 | 1.4 | 2.0 | 2.3 | 1.1 | 8.4 | 1.7 | 3.9 | 0.3 | 9.4 | 6.0 | 15.5 |
| 2035 | 56.9 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 3.9 | 0.3 | 9.4 | 6.0 | 15.6 |
| 2036 | 57.0 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 3.9 | 0.3 | 9.4 | 6.1 | 15.6 |
| 2037 | 57.1 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 3.9 | 0.3 | 9.5 | 6.1 | 15.6 |
| 2038 | 57.2 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.5 | 6.1 | 15.6 |
| 2039 | 57.3 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.5 | 6.2 | 15.7 |
| 2040 | 57.4 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.6 | 6.2 | 15.7 |
| 2041 | 57.6 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.6 | 6.2 | 15.8 |
| 2042 | 57.7 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.6 | 6.2 | 15.8 |
| 2043 | 57.8 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.0 | 0.3 | 9.6 | 6.3 | 15.9 |
| 2044 | 58.0 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.1 | 0.3 | 9.7 | 6.3 | 16.0 |
| 2045 | 58.1 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.1 | 0.3 | 9.7 | 6.3 | 16.0 |
| 2046 | 58.3 | 1.4 | 2.0 | 2.3 | 1.1 | 8.5 | 1.7 | 4.1 | 0.3 | 9.7 | 6.4 | 16.1 |
| 2047 | 58.3 | 1.4 | 2.0 | 2.3 | 1.1 | 8.6 | 1.7 | 4.1 | 0.3 | 9.7 | 6.4 | 16.1 |
| 2048 | 58.4 | 1.4 | 2.0 | 2.3 | 1.1 | 8.6 | 1.7 | 4.1 | 0.3 | 9.7 | 6.4 | 16.0 |
| 2049 | 58.5 | 1.4 | 2.0 | 2.3 | 1.1 | 8.6 | 1.7 | 4.1 | 0.3 | 9.8 | 6.4 | 16.0 |
| 2050 | 58.5 | 1.4 | 2.0 | 2.3 | 1.1 | 8.6 | 1.7 | 4.1 | 0.3 | 9.8 | 6.5 | 16.0 |

Humboldt County Economic Forecast

Socioeconomic Indicators

